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## CURRENT SUPPORT MEMORANDUM

EFFECTS OF USSR ECONOMIC REORGANIZATION ON TELECOMMUNICATIONS

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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The sweeping reorganization of industry launched last year will radically affect the telecommunications sector of the economy, since changes in the direction of lines of authority induce parallel changes in communications. In the new situation the Ministry of Communications may expand at the expense of communications facilities of remaining, as well as of abolished ministries.

In the short run, the flow of communications between Moscow and the regional councils should increase in consequence of reorganization shakedown problems and their solution. Upon completion of the shakedown period, it is anticipated that this flow of communications should fall off, probably to a point below the pre-reorganization level.

In the long run, the flow of communications within regions and between regions should show a steady rise. A. Fortushenko, a member of the Collegium of the USSR Ministry of Communications, is reported to have said last summer that the present radial type of communications from Moscow and other centers resulting in circuitous lines of communications between economic regions would have to be replaced by a point-to-point system if the new industrial reorganization is to function properly. 1/ An indication of an early start in the new direction is given by The Deputy Minister of Communications of the Ukrainian SSR who reported in September 1957 that direct communications between economic regions had been expanded sharply and that by the end of 1957 100 new intraoblast circuits would be in operation. It is planned to have direct telegraph communications between sov-narkhozes and the largest enterprises some time in the future in the Ukrainian SSR. 2/ Presumably other areas of the USSR are making similar changes.

Since present localized regional communications facilities are not extensive, the rate of increase of the communications flow within and between regions will depend upon the rate at which investment funds are allocated to provide additional facilities.

The changes may bring about a merger of all Soviet communication facilities under the Ministry of Communications, which was retained in the reorganization. Unless this is done, the long-standing problem of coping organizationally with the large number of separate communications facilities and systems operated by the many remaining specialized ministries in the USSR will probably become even more acute under the reorganization. Officials of the USSR Ministry of Communications would favor the merger for they have long objected to these separate systems and to the compulsion to assign certain of its facilities to specialized ministries. They have already proposed the absorption of the communications departments of many of the other ministries. 3/

Chief objections to the present system are the wasteful use of facilities, lack of standardization of equipment and operating practices, and the impossibility of achieving the benefits of total integration of vital telecommunications resources.

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Analyst: [REDACTED]

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